PHOENIX
MARKETING &
RESEARCH, INC.

Presentation for:

GENERAL MARKET SAMPLING

2044146606

Source: https://www.industrydocuments.ucsf.edu/docs/gywn0004

PHOENIX
MARKETING &
RESEARCH, INC.

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February 19, 1986

Ms. Ellen Merlo
Group Director - Brand Management
PHILIP MORRIS U.S.A.
120 Park Avenue
New York, New York 10017

Dear Ms. Merlo:

The following presentation is designed to inform you of structural changes that Phoenix Marketing & Research, Inc. has made so that we now can address Mass Sampling geared toward the General Market Segment at a competitive price.

We at "Phoenix" recognize that Philip Morris utilizes other fine suppliers to address the General Market Segment.

Our track record with Philip Morris we hope has been a good one. Phoenix Marketing continues to serve as the official authority on sampling issues for the Tobacco Institute. The reason for this is our committment to quality. We request the opportunity to apply our committment to quality toward General Market Sampling and meet your price at the same time.

It is our hope that the following presentation will result in Phoenix Marketing & Research, Inc. having the opportunity to bid on General Market Sampling Programs in the future.

Very truly yours,

Steven J. Bellissimo
Vice President

Daniel P. Kennedy
Asst. Vice President

SJB/DPK:sbm
Enclosures

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PHOENIX MARKETING

GENERAL MARKET SAMPLING COMPANY OVERVIEW

Vice President -- Steven J. Bellissimo

Reports to the President. Manages Operations and Accounting Departments. Conducts on-sight field monitoring and auditing of working markets. Responsible for reporting mechanisms required by the client (executionals, pricings, interim program reports, final market summaries). Analyzes all computerized data received from field staff on working markets.

Assistant Vice President -- Daniel P. Kennedy

Reports to the Vice President. Rotates between the field and our office to allow senior management to observe working markets. Field liaison to market managers. Conducts on-sight field monitoring and auditing of working markets. Represents Phoenix management in the field.

Operations Manager -- Diane V. Fusaro

Tracks shipment of all gratis and support materials. Maintains all records via computer. Is liaison to the client on all information pertaining to:

(a) Disposition of product

(b) Daily production figures

(c) Inventory of uniforms, support materials, etc.

Assists in preparing job costing and other pertinent reports to Promotions Department.

Labor Coordinator -- Susan B. McElroy

Responsible for selecting qualified labor sources that can successfully execute field sampling promotions, in accordance with the Code of Cigarette Sampling Practices.

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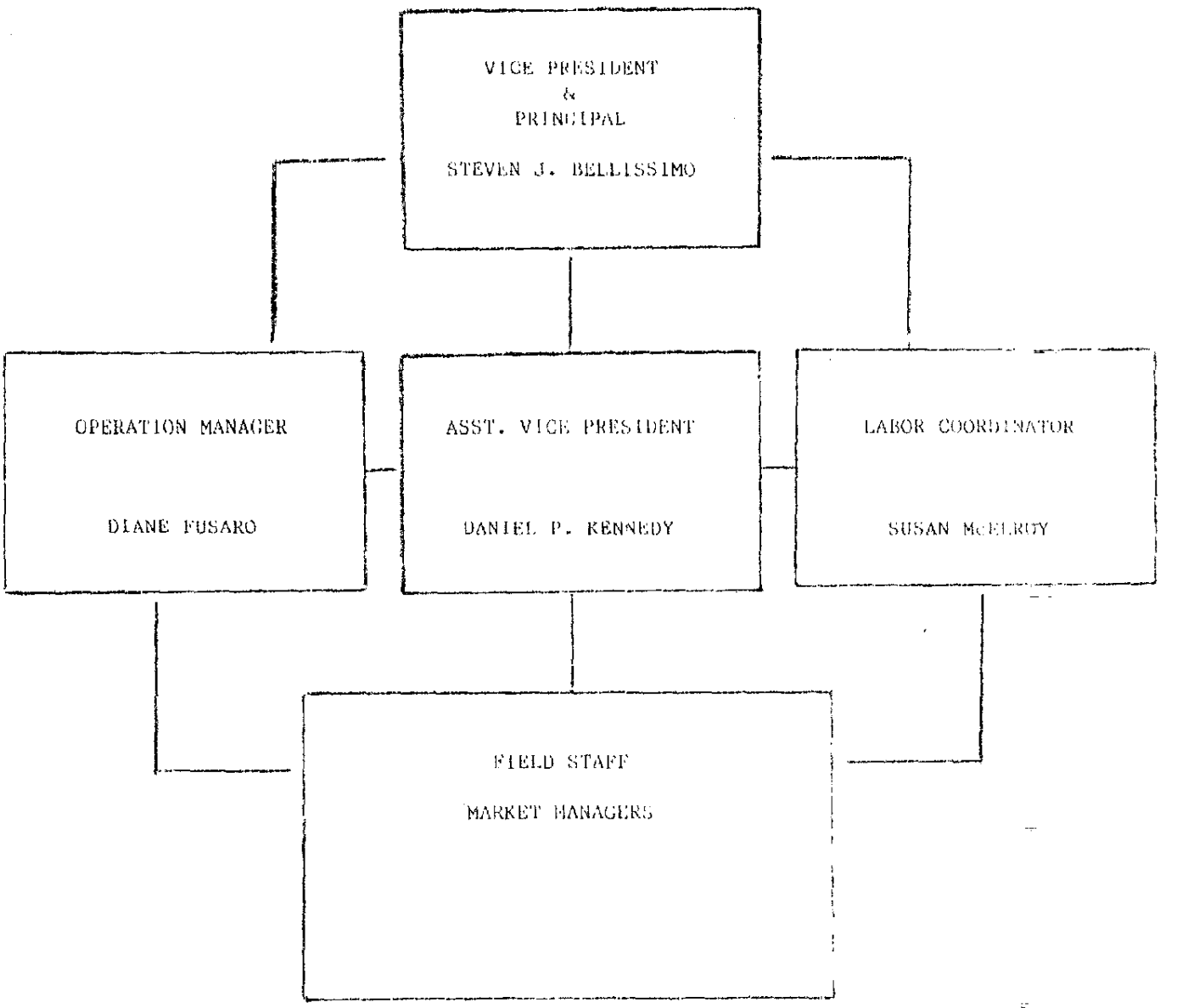
PHOENIX MARKETING & RESEARCH, INC.

GENERAL MARKET SAMPLING ORGANIZATIONAL CHART



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SAMPLING MODES FOR GENERAL MARKET SAMPLING

- MASS SAMPLING

The targeted consumer group will be intercepted, qualified and sampled at major pedestrian locations within a designated market.

- OPPORTUNISTIC SAMPLING

Sampling of the target market segment will be conducted at various leisure time settings and activities such as local community sporting events, parades, festivals, concerts, etc. It is an excellent opportunity to interact with consumers who do not live within the mainstream of a market.

- QUALITY SAMPLING

This mode of sampling reaches the targeted consumer in a recreational or leisure atmosphere in the evening. It consists of a more personalized approach to the consumer and lengthy product message. Some of the different avenues utilized in this approach include local theaters, social clubs, and bowling lanes. Our managers research the market thoroughly and will include other sampling opportunities that become available.

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These are our traditional sampling modes. We are flexible enough to adjust our programs to take advantage of every situation that presents a positive avenue consistent with our client's targeted consumer.

When involved with tobacco sampling we adhere strictly to the Code of Cigarette Sampling Practices. Our company has been active with the Tobacco Institute and we have an excellent reputation with that entity, because we address in the execution of each market the potential hazards of Tobacco Sampling.

The point is, we do what is necessary to do a job well, and then go beyond that by assisting our client base in any other way possible.

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MARKET MANAGER SYSTEM

Phoenix Marketing utilizes a Market Manager in every market, who is an employee of the company and carries the proper Workmens Compensation insurance required in the contract with Philip Morris. Sampling crews cannot be left alone in a market to interpret for themselves the way sampling should be conducted. On sight supervision insures a consistent mentality in every market.

The following points are benefits of the Market Manager System.

The Market Manager:

1. Briefs sampling crews thoroughly and role plays various situations which may occur during a sampling campaign.

2. Insures higher redemption, if an attached coupon is part of the program. Our Market Managers go into great detail daily with the sampling crews about how to make the consumer aware of the coupon to gain the greatest return possible.

3. Keeps sampling crews away from sensitive areas (schools, hospitals, municipal buildings)

4. Deploys sampling crews to minimize double sampling (diagonally every two blocks or more)

5. Avoids the media

6. Avoids sensitive retailers

7. Oversees sampling crews to insure that the qualification process is utilized and adherence to the sampling code is maintained.

8. Keeps the sampling crews aggressive to maximize the number of samples distributed thus keeping the markets on schedule

9. Addresses the concerns and desires of Philip Morris' local sales force in reference to sampling opportunities and sensitive areas to avoid

10. Deals with litter and local ordinances

11. Supervises the security of the product to insure against theft by pedestrians or even crew members

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CREW SPECIFICATIONS FOR ADDRESSING

GENERAL MARKET SAMPLING

One crew supplier (male) is placed with every two distributors (female) at each sampling location. This format gives the impression to both crews and consumers of a highly supervised, controlled, quality program. It is our feeling that when distributors are left by themselves at sampling locations, they can be intimidated by pedestrians into double sampling or sampling minors.

- DISTRIBUTORS

The distributors duties are to qualify and sample consumers in accordance with the code of cigarette sampling practices.

- CREW SUPPLIERS

The crew suppliers duties are to fill and refill the distributors sampling bins so the distributors need not be distracted from their duties. It is also the crew suppliers duty to police the area for litter, and keep his location working in an orderly fashion.

- RUNNERS

Runners move the product from the truck to the sampling locations so that crew suppliers need never leave their locations. For each case of product that leaves the truck, an empty case of the same brand style must be returned to the truck. No empty cases are thrown out at the sampling locations. Utilizing this method allows the Market Manager to do inventory checks periodically during the course of the sampling day.

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COMPETITIVE PRICE

We at "Phoenix" understand Philip Morris' need for cost efficient programs. We also understand that you utilize other suppliers that can address that need. Price, Frequency and Volume go hand in hand. Phoenix Marketing can now be as competitive in price as Philip Morris' other suppliers when it comes to General Market Sampling Programs. However, let us state that in no way in addressing price is the involvement of, or communication with a Phoenix principal lessened in any program.

How we can now address it:

1. Market Managers for General Marketing are employed on a project by project basis, thus lowering Phoenix's overhead.

2. The rate of distribution is higher in the general market, thus lowering the price per piece.

3. Security - while it is always addressed, does not have to be as sophisticated as in minority programs.

4. Allocations which address the general market are usually larger, thus lowering the price per piece.

5. Opportunities presented by Philip Morris to Phoenix Marketing & Research, Inc. in regards to minority programs have made a positive impact on our overhead. As previously stated, Price, Frequency and Volume go hand in hand.

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GENERAL MARKET SAMPLING PROGRAM

BREAKDOWN OF PRICING BY PERCENTAGES

PERCENTAGE BREAKDOWN:

I. MANAGERIAL..... 8.4%

- Market Research
- Project Preparation
  Contacts: Labor
  Warehousing
  Rentals (Truck & Auto)
  Acquiring permits
  Club Managers
- Administrative Time

II. PROGRAM PRESELL..... 8.6%

- Cost of Market Manager arriving into market three days prior to execution. Securing rentals, screening labor, securing product, contacting club managers and obtaining permits where applicable.

III. PROGRAM EXECUTION..... 66.2%

A. MARKET MANAGER.....19.2%

- Market Manager cost - (Travel, meals & lodging)
- In-town market expenses - (Telephone, supplies, miscellaneous expenses)
- Administrative time

B. RENTALS..... 9.2%

- The cost of all rentals (car, truck, permits)

C. LABOR.....47.8%

- Distributors
- Crew Suppliers
- Briefing room

IV. WAREHOUSE/MATERIAL HANDLING..... 6.8 %

- Warehouse costs to secure and hold all gratis, support and premium items.

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SUMMARY

It is important to state that Phoenix Marketing is committed to quality. We have tried to demonstrate this to Philip Morris not only in word but in deed. With the American Medical Association's new posture on Tobacco advertising, it is sure that sampling will come under close scrutiny. Anti-smoking groups may try to orchestrate situations that leave a negative or untrue impression on the general public and local legislators toward sampling. Only a closely supervised program can guard against this!

It is equally important to state that we heard you loud and clear on your position that Phoenix's price was too high for General Market Sampling Programs. We can now address that price, and still guard against the pitfalls inherent in any sampling program.

Simply stated, we offer quality at a competitive price. We are not asking to be just given projects because of those reasons, nor are we trying to replace any of your present suppliers. We are just respectfully requesting that you offically recognize Phoenix's new structure and allow us the opportunity to bid on General Market Sampling Programs.

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